State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

June 11, 2012 **PACE Policy Letter 01-12**

TO: Program of All-Inclusive Care for the Elderly (PACE) Organizations

SUBJECT: DATA REPORTING

PURPOSE

This letter is being issued to establish reporting guidelines for the purpose of capturing utilization, revenue, and expenditures across all funding sources (i.e. Medi-Cal, Medicare, Private Pay).

BACKGROUND

PACE is both a health care plan and a provider. The PACE model is unlike any other managed health care plan in that most services are provided directly through staff members. PACE employs a broad array of health care providers including but not limited to: social workers, nurses, rehab therapists, health care aides, etc. Primary care and other health services are offered on-site at the PACE clinic or at the participant's home. PACE also contracts with a network of physicians, health facilities and other service providers to provide care.

The Department of Health Care Services (DHCS) in conjunction with the PACE organizations have worked together to generate reporting forms appropriate for the PACE model. The goal of these reporting forms is to derive service unit cost by tracking utilization per enrollee and the unit cost incurred from the total cost incurred. The attached PACE Step-down Narrative explains the following: (1) the cost-finding step between services and accounting system, (2) how enrollee utilization will be translated to Medicare or Medi-Cal cost, and (3) how expenses will be reported for all revenue streams.

PROCEDURE

The attached forms will be utilized for the purpose of data reporting. A summary of the purpose and procedure for each form is listed below.

PACE Crosswalk

- This document is to be used as a reference tool. Column One lists all PACE services as captured by the DataPACE program. Column Two collapses the service categories from the DataPACE system into the PACE service categories that have a Medi-Cal FFS equivalent. Each of these categories is assigned a service unit and a funding source.
- Medical services are listed first ranging from acute to less acute, followed by the long-term services and supports which start with community based services and end with institutional services.

PACE Utilization Report

- This report is to be used by all PACE organizations to report utilization, both direct and contracted. The use of this report allows PACE organizations to collect utilization data in a consistent format for purposes of regulatory oversight by DHCS.
- Utilization should be tracked by each service category and funding source on a daily basis and then entered cumulatively onto this report based on a 6 month cycle. DHCS recommends each PACE Plan keep individual service records month by month including eligibility for each participant in order to provide accurate utilization accounting.
- Unit cost will be derived using a separate accounting system. This system should calculate the total service category cost by combining the service costs plus the applicable step down costs (please see attached document entitled PACE Step-down Narrative). Unit cost is then calculated by dividing the total expense of each service category by service unit utilization.
- PACE plans should also indicate which services are provided directly and/or through a contractor (i.e. service categories which are provided directly should be indicated with a marker in the direct column).

PACE Line of Business Report

- This report is to be used to translate enrollee utilization to financial reporting along all revenue/expense streams. PACE organizations are to use this report to track the total revenue for each funding source as well as the expenses paid out for each PACE service category and general administrative costs.
- The attached document entitled PACE Step-Down Narrative describes the proper method for allocating facility and overhead cost to PACE services and health plan administrative cost for each payer category. Each category of expense should be reported after incorporating the necessary step down costs.
- For contracted services such as inpatient medical, emergency room, etc., the claims paid will represent the total cost of the service provided, as each claim includes any administrative overhead and facility cost for that service.

IMPLEMENTATION

Upon receipt of this letter, the PACE organization must assure that the proper systems are in place to accurately track utilization and report financial revenue and expenses by line of business. Submission of these reports to DHCS is required on a semi-annual basis (based upon PACE organization fiscal year). These reports do not replace the consolidated quarterly report currently required by the contract but does satisfy the contractual requirement for Medi-Cal Line of Business reporting. The contract will be updated to reflect that this report shall be submitted on a semi-annual basis.

Effective immediately, PACE organizations are to complete and submit the attached reports with each quarterly financial report until the organizations' fiscal year end or the first six month cycle report due date has been reached (please see the attached reporting Schedule 1A – Initial Reporting Due Dates). From that point forward, PACE organizations shall prepare and submit the attached reports on a semi-annual basis per the attached reporting Schedule 1B (Semi-annual Reporting Due Dates).

Should you require additional clarification regarding this policy letter, please contact your designated DHCS Contract Manager.

Sincerely,

ORIGINAL SIGNED BY:

John Shen, Chief
Long Term Care Division

Enclosures:

PACE Report Due Dates
PACE Crosswalk
PACE Utilization Report*
PACE Line of Business Report*
PACE Step-Down Narrative

**Electronic fillable forms may be obtained from LTCD Contract Managers.*

Schedule 1A - Initial Reporting Due Dates:

Plan Name	Fiscal Year	First Report Due	Second Report Due
AltaMed Senior BuenaCare	May 1 - April 30	September 15, 2012	December 15, 2012 Start 6 month cycle
Center for Elders' Independence	July 1 - June 30	August 15, 2012 Start 6 month cycle	February 15, 2013 Continue 6 month cycle
On Lok Lifeways	July 1 - June 30	August 15, 2012 Start 6 month cycle	February 15, 2013 Continue 6 month cycle
St. Paul's PACE	September 1 - August 31	October 15, 2012 Start 6 month cycle	April 15, 2013 Continue 6 month cycle
Sutter SeniorCare	January 1 - December 31	August 15, 2012 Start 6 month cycle	February 15, 2013 Continue 6 month cycle

Schedule 1B - Semi-Annual Reporting Due Dates:

Plan Name	Fiscal Year	Report Due Dates
AltaMed Senior BuenaCare	May 1 - April 30	December 15 / June 15
Center for Elders' Independence	July 1 - June 30	February 15 / August 15
On Lok Lifeways	July 1 - June 30	February 15 / August 15
St. Paul's PACE	September 1 - August 31	April 15 / November 15
Sutter SeniorCare	January 1 - December 31	August 15 / February 15

DataPACE 1				Data Reporting Criteria				
Ref #	Service Category	Location/Categ	Service Unit	Service Category	Service Unit	Dual		Medi-Cal Only
						Medicare	Medi-Cal	
1	Acute Hospital	Inpatient	Day	Inpatient Medical	Paid Day	X		X
2	Psychiatric Unit/Facility	Inpatient	Day	Inpatient (Behavioral Health)	Paid Day	X		X
3	Emergency Room Procedures	Outpt Medical	Claim	Emergency Room Facility Services	Visit	X		X
4	Ambulance	Outpt Medical	One-way trip	Emergent Transporation (Ambulance)	One-Way Trip	X		X
5	Rehabiltation Unit/Facility	Inpatient	Day	Rehab Post Acute SNF	Paid Day	X		X
6	Outpatient Surgery	Outpt Medical	Claim	Outpatient Facility Services	Visit	X		X
7	Treatment Room Episodes	Outpt Medical	Claim					
8	Laboratory Tests/Procedures	Outpt Medical	Claim	Laboratory, Radiology & Diagnostics	Visit	X		X
9	Radiology Tests/Procedures	Outpt Medical	Claim					
10	Prescription Medications	Outpt Medical	Prescription	Pharmacy - Part D	Script	X		X
				Pharmacy - Non-Part D	Script		X	X
11	Durable Medical Equiptment	Outpt Medical	Unit	DME	Unit	X		X
12	Inpatient Med Specialists	Inpatient	Claim	Physician Speciality Services (Non Psychiatric)	Visit	X		X
13	Outpatient Med Specialists	Outpt Medical	Claim					
14	Psychiatry	DHC	Service Day	Psychiatric & Behavioral Health Svs	Visit	X		X
15	Physician	Outpt Medical	Service Day	Primary Care Services - Contracted	Visit	X		X
16	Nurse Practioner/PA	Outpt Medical	Service Day					
17	Physician	DHC	Service Day	Primary Care Services - Direct	Service Day	X		X
18	Nurse Practioner/PA	DHC	Service Day					
19	Audiology - Including Equipment	DHC	Service Day	Other Medical Professional (Non Physician)	Visit		X	X
20	Dentistry - Including Equipment	DHC	Service Day					
21	Optometry - Including Equipment	DHC	Service Day					
22	Podiatry - Including Equipment	DHC	Service Day					
23	Social Services - Indiv & Group	DHC, In-home,ACF,SNF	Service Day	PACE Center Services~ Equivalent to Enhanced ADHC/CBAS Center	Attendance Day		X	X
24	Nursing - Routine & Episodic	DHC	Service Day					
25	Recreational Therapy - Indiv & Grp	DHC	Service Day					
26	Personal Care	DHC	Service Day					
27	Chore Services	DHC	Service Day					
28	Escort	DHC	Service Day					
29	Meals - DHC	DHC	Meal					
30	Nutrional Counseling	DHC	Service Day					
31	Transportation - Ctr	DHC	One-way trip					
32	Physical Therapy	DHC	Service Day					
33	Occupational Therapy	DHC	Service Day					
34	Speech Therapy	DHC	Service Day					
35	Transportation Svs - Non Center	All	One-way trip	Transportation Svs - Non Center	One-Way Trip		X	X
36	Nursing/PT/OT/Speech/Lifeline	In-home, ACF, SNF	Service Day	Home Health	Visit	X	X	X
37	Personal Care/Home Chore Hours	In-home	Hour	In-Home Services (Personal Care)	Hours		X	X
38	In-Home Meals	Other	Meal	In-Home Meal Service	Meal		X	X
39	Overnight Sup/Group Home/B&C	Other	Day	Residential Care Services	Paid Day		X	X
40	Transitional Housing	Other	Day					
41	Nursing Home	Inpatient	Day	Long Term Care (Custodial SNF)	Paid Day		X	X

Name of PACE Organization

PACE Service Utilization and Unit Cost Report

Time Period: (Six Months, Twelve Months Year-to-Date)

			Dual		Medi-Cal Only	Medicare Only			
			Medicare	Medi-Cal		Medicare	Private		
# of Enrollees									
# of Enrollment Months								Unit Cost	Service Units
Service Category	**Direct**	**Contracted**							
Inpatient Medical									Paid Day
Inpatient (Behavioral Health)									Paid Day
Emergency Room Facility Services									Visit
Emergent Transporation (Ambulance)									One-Way Trip
Rehab Post Acute SNF									Paid Day
Outpatient Facility Services									Visit
Laboratory, Radiology & Diagnostics									Visit
Pharmacy - Part D									Script
Pharmacy - Non Part D									Script
DME									Unit
Physician Speciality Services (Non Psychiatric)									Visit
Psychiatric & Behavioral Health Svs									Visit
Primary Care Services									Visit
Other Medical Professional									Visit
PACE Center Services									Attendance Day
Transportation Services - Non Center									One-Way Trip
Home Health									Visit
In-Home Services (Personal Care)									Hours
In-Home Meal Service									Meal
Residential Care Services									Paid Day
Long Term Care (Custodial SNF)									Paid Day

Supplemental Information to Six Months and 12 Months Year-to-Date Financial Statement
PACE Line of Business Financial Report
Time Period: **(Six** Months, Twelve Months Year-to-Date)

	Dual		Medi-Cal Only	Medicare Only		Total	Medi-Cal Line of Business Total [Columns C + OJ
	Medicare	Medi-Cal		Medicare	Private		
ti of Enrollees						0	
ti of Enrollment Months						0	
PACE Revenue:							
Medicare Capitation							
Medi-Cal Capitation							
Private Pay							
SOC							
Total Revenue	01	0	0	0	0	0	0
Expenses:							
Services (Unit Cost x Service total byeligibility categories)							
Inpatient Medical							
Inpatient (Behavioral Health)							
Emergency Room Facility Services							
Emergent Transportation (Ambulance)							
Rehab Post Acute SNF							
Outpatient Facility Services							
Laboratory, Radiology & Diagnostics							
Pharmacy - Part D							
Pharmacy - Non Part D							
0ME							
Physician Speciality Services (Non Psychiatric)							
Psychiatric & Behavioral Health Svs							
Primary Care Services							
Other Medical Professional (Non Physician)							
PACE Center Services							
Transportation Services • Non-Center							
Home Health							
In-Home Services (Personal Care)							
In-Home Meal Service							
Residential Care Services							
Long Term Care (Custodial SNF)							
Total Service Expenses	0	0	0	0	0	0	
Health Plan Administration (allocated based on enrollment months)							
Compensation							
Interest Expense							
Occupancy, Depreciation and Amortization							
Management Fees							
Marketing							
Affiliate Administration Services							
Aggregate Write-ins for Other Administration Expenses							
Total Health Plan Administrative Expenses	0	0	0	0	0	0	
Total Expenses	0	0	0	0	0	0	
Net (Loss)	0	0	0	0	0	0	

Step-Down Method for Allocating Facility and Overhead Costs to PACE Services

PACE is both a health care plan and a provider. The PACE model is unlike any other managed health care plan in that the services are provided directly through staff members. PACE employs a broad array of health care providers including but not limited to: social workers, nurses, rehab therapists, health care aides, etc. Primary care and other health services are offered on-site at the PACE clinic or at the participant's home. PACE also contracts with a network of physicians, health facilities and other service providers to provide care. PACE pays claims directly to these contractors for these medical services.

Expenses for contracted services such as Inpatient Medical, Emergency Room, etc., will be calculated from the claims paid for the service provided, as each claim includes any administrative overhead and fac_ility cost for that service. Expenses for the services provided directly by PACE will include the direct expense as well as its share of the administrative overhead and facility cost. Administrative overhead and facility costs include but are not limited to: salaries for providers, support and management staff, supplies (e.g., medical, diapers, office, janitorial), rent, maintenance and repair (e.g., medical equipment, building maintenance), etc.

Facility and staff provider/program administrative overhead are shared costs that support both services provided by PACE staff and services that are provided in the PACE facility. "Staff' includes all direct PACE program staff as well as contracted providers who function like staff, i.e., who are paid on an hourly basis as opposed to a fee-for-service basis, and contracted providers who provide their services on PACE premises. The following describes the step-down method for allocating facility and overhead costs to services provided by PACE staff and to services provided in PACE facilities.

The categories of service subject to this allocation may include but are not limited to:

- Primary medical care
- Social services
- Behavioral mental health
- Nursing
- Rehab therapies (including physical therapy, occupational therapy, speech therapy)
- Recreation therapy
- Dietitian services
- Personal Care
- Nutrition (meals)
- Transportation

- Home health (professional)
- Home care (personal care and home chore)
- Other Medical Professional (e.g., audiologist, podiatrist, dentist, optometrist)

After allocation, the total cost for each of these service categories will be reflected. These costs will be comparable to the costs for the contracted service categories (e.g., inpatient medical /hospital) in that the cost will be complete and include facility/space and administrative overhead costs.

Allocating Facility Costs

Facility costs may include but are not limited to: personnel expense for maintenance and janitorial staff, contracted maintenance and janitorial services, building and janitorial supplies, rent, utilities, insurance (property and general liability) and depreciation.

Total facility costs will be allocated based on square footage use by each service category. This will include clinic or program space, office space and garage space. If the PACE program produces meals, this would include the kitchen space. Where space is shared between service categories (e.g., dining and recreation), allocation will be based on proportion of use (e.g., 2 hours daily or 25% for dining, 6 hours daily or 75% for recreation). Facility costs related to health plan administration are excluded from total facility costs (if facility costs are shared with health plan administration, facility costs will be allocated to health plan administration based on its square footage usage).

Allocating Provider/Program Administrative Overhead

Provider/Program Administrative Overhead costs represent administrative expenses related to the services provided directly by staff hired by the PACE organization including operations support (e.g., receptionists, schedulers) and management (e.g., program managers). "Staff" may also include contracted providers who function like staff, i.e., paid on an hourly instead of a claims or fee-for-service basis.

Provider/Program Administrative Overhead costs would include but are not limited to: human resources management, payroll and training for provider staff, accounts payable processing related to
in-house operation (vs. claims processing), provider licensing fees (e.g., clinic), quality assurance for staff provided services, membership fees in provider associations (e.g., CAADS), medical records (including electronic medical record systems and its development and maintenance), IT for provider staff, telephone, office equipment and supplies costs for in-house provider operations.

Expenses under Provider/Program Administrative Overhead will be allocated specifically to each staff- provided service category to the extent feasible. After specific

allocation, the remaining expenses under Provider/Program Administrative Overhead will be allocated to each staff-provided service category in proportion of its direct cost (including any specific allocation of administrative overhead) to the overall total cost of staff provided services. For example, if the total direct cost of all staff provided services was $100 and the direct cost of nursing was $15 or 15% of the total, then 15% of the Provider/Program Administrative Overhead would be allocated to Social Work.

Allocation of Health Plan Administration Expense to Payer Category

Health plan administration expense will be allocated to each payer based on member or enrollment months. For duals, any dually eligible member for any one month should be counted as one member month (though eligible for both Medicare and Medi-Cal, the member month under each should not be added together or the member would be double-counted). The same would apply to Medicare only members who are eligible for Medicare and private pay premiums.

Allocation of health plan administrative expense for the same member months between Medicare and Medi-Cal should be in proportion to the revenue under each category i.e., Medicare or Medi-Cal. The health plan administrative expense is usually expressed as a percentage of service revenues, so this would appear to be a logical method of allocation. This method of allocation would yield the same health plan administrative percentage for each payer category.